



WORKERS'
COMPENSATION
BOARD OF BRITISH
COLUMBIA

1987 ANNUAL REPORT



70 YEARS OF SERVICE TO
THE WORKERS AND EMPLOYERS
OF BRITISH COLUMBIA



25 March, 1988

To: His Honour the Lieutenant-Governor in Council
of the Province of British Columbia

May it please Your Honour, Sir:

As required by Section 69 of the Workers'
Compensation Act, we now submit the Annual
Report of the Board, for the year ended
31 December, 1987

Yours Sincerely,

Lyall Hanson, Minister

THE STATISTICS SECTION OF THIS REPORT IS AVAILABLE AS
A SEPARATE PUBLICATION ENTITLED *STATISTICS '87*
AND IS AVAILABLE FROM ANY WCB OFFICE.

25 March, 1988

The Hon. Lyall Hanson
Minister of Labour and Consumer Services
Parliament Buildings
Victoria, B.C.
V8V 1X4



Mr. Hanson:

We take pleasure in presenting the 1987 Annual Report for the Workers' Compensation Board of British Columbia.

This year was the 70th anniversary of the Board. We have served the workers and employers of B.C. since 1917 and have built a reputation for excellence in occupational safety and health, claims and rehabilitation.

This year also saw international recognition of our efforts. We received an award from the International Association of Industrial Accident Boards and Commissions for excellence in occupational safety and health services. We also received awards from the American Association of State Compensation Insurance Funds for a number of WCB brochures and video productions.

These awards are an indication of the competence of WCB staff, of their hard work and dedication to building and maintaining one of the best compensation facilities in North America.

We introduced many new and exciting programs in 1987. Of these, perhaps the most highly visible was Access Ability. An innovative approach to retraining seriously-injured workers, Access Ability promises to be a quantum leap forward in the field of vocational rehabilitation. This year's report features some of the exceptional people involved in that program.

For 70 years the WCB has served the workers and employers of British Columbia. We will continue our commitment to a safer, healthier workplace in the years to come.

Sincerely

J.A. Nielsen
Chairman

*"Access Ability's almost too good
to be true. It's given me
incentive, a sense of direction
in my life. No doubt about it -
computers are the future."*



John C. Brantley, former CEO

*"Access Ability turned my life around.
I've been taught a lot ...
I've learned a lot ... and
I've made some lasting friendships."*



Dale Stephenson - former mechanic & helper

FINANCIAL AND STATISTICAL HIGHLIGHTS

FINANCIAL (,000's)	1987	1986	Percentage Change
Assessment Income	\$323,364	\$421,339	(23.3%)
Investment Income	\$248,790	\$279,692	(11.0%)
Cost of Workers' Claims	\$319,002	\$290,606	9.8%
Administration Expenses	\$ 75,153	\$ 69,289	8.5%
Unappropriated Surplus	\$ 77,899	\$111,310	(30.0%)
STATISTICAL			
Employers Registered	94,074	89,808	4.8%
Claims First Reported	169,059	156,312	8.2%
OS&H Inspection Reports Issued	37,732	39,106	(3.5%)
Administration Expenses as a Percent of Total Income *	13.1%	9.9%	—

Assessment Income - the aggregate 1987 assessment rate for all industry in B.C. was reduced 15.4% to \$2.04 per \$100 of assessable payroll and the maximum assessable wage was increased 16.7% to \$35,000. In addition, the Board announced a \$99 million assessment abatement for 1987. Subclass rate groups with a significant surplus qualified for abatement.

Investment Income - the return on the average market value of the investment portfolio was 9.9% compared to 12.0% in 1986. The real rate of return, being the yield in excess of C.P.I., was 5.7% compared to 7.8% in 1986. The total investment income was lower in 1987 mainly due to the reduction in the amortized long-term investment gains.

Cost of Workers' Claims - the maximum wage for benefits was increased from \$40,000 to \$41,100. The total cost of workers' claims increased 9.8% while the injury rate and claims severity remained relatively stable.

Administration Expenses - the 8.5% increase reflects inflation increases and the Board's commitment to upgrading services to the public. It also reflects the Board's ongoing computerization of its facilities and systems.

* The increase in this percentage was mainly due to reduced assessment and investment income. The assessment abatement and the reduction in the amortization of long-term investment gains were primary reasons for the lower income in 1987.

Unappropriated Surplus - the 1986 unappropriated surplus of \$111 million has been reduced to \$78 million. The benefit maintenance and assessment rate stabilization reserve has also been reduced from \$150 million to \$146 million. The \$99 million assessment abatement contributed to these reductions, but the abatement was offset to some degree by a net credit adjustment to prior years' actuarial estimates.

OCCUPATIONAL SAFETY AND HEALTH DIVISION

The Occupational Safety and Health division (OS&H) is responsible for Education and Training, First Aid, Field Services, and Research and Standards. The division's primary aim is the promotion of workplace safety and health.

The Workers' Compensation Board of B.C. received international recognition in 1987 for providing the highest standard of occupational safety and health services. Philip Bork, president of the International Association of Industrial Accident Boards and Commissions (IAIABC), in presenting the award at IAIABC's annual convention, said, "The WCB of B.C. deserves this award for setting an exceptional standard of service in occupational safety and health. The B.C. Board is an example to all other IAIABC members."

OS&H officers completed 37,732 workplace inspections in 1987. Compliance orders increased to 52,893 from 48,193 in 1986. Penalties assessed by the division increased to 568 from 428 in 1986.

The WCB offered 2,727 educational presentations around the province - an increase of 26% over 1986. Programs such as The Young Worker, Asbestos Identification, Logger Safety Seminars, Supervisor Training, Lock-Out Procedures and Mobile Equipment Safety are an integral part of the WCB's commitment to safety in the workplace. In addition, the Education Section offered 299 courses. These dealt with everything from back injury prevention to conducting safety audits.

The OS&H division continued to participate in the Workplace Hazardous Materials Information System (WHMIS). WHMIS is a comprehensive program to establish national standards of labelling and education for hazardous materials in the workplace. Our OS&H division has been instrumental in formulating the system. WHMIS is scheduled for full implementation in the fall of 1988.

STANDARD PRACTICES A

**POWDER
ACTUATED
TOOLS**

A Distance Learning Program was developed for small businesses in 1987. Many firms cannot afford to send representatives to the WCB for orientation classes. With this new program, they can learn the necessary information - how the WCB functions, their legal responsibilities and liabilities as an employer and how to work within established standards - on their own time and at their own pace. The program is split into four distinct 'modules', each with its own manual and accompanying video.

An incentive program was established for the logging and construction industries. Participating employers were trained to evaluate their own safety programs and then given a safety audit by the WCB. Those employers who achieved 80% or more in the safety audit received a 10% credit on their WCB assessment.

Five new safety manuals were produced. "Powder Actuated Tools", "Tilt-Up Construction", "Safe Handling of Asbestos", "Lock-Out" and "Light Frame Wood Truss Erection" were added to the comprehensive library of educational material maintained by the WCB.

A new Hearing Conservation Program was introduced in 1987. Noise-induced hearing loss is one of the five most common occupational diseases in B.C. By testing more than 20,000 workers in the construction industry, the WCB hopes to raise worker awareness about the damaging effects of noise and to reduce the serious communication disability that comes with hearing loss.

**SAFE
HANDLING
OF ASBESTOS**

STANDARD PRACTICES FOR
**LIGHT FRAME
WOOD TRUSS
ERECTION**

STANDARD PRACTICES FOR
**TILT-UP
CONSTRUCTION**

*"You've got to get on
with your life.
There's no use dwelling
on your injury.
Access Ability is a positive
and much-needed
program."*

*"The course has been good.
Everyone has
been very supportive.
But I'll be glad to
be working again.
I want to get out there
and compete."*



Braunwyn Roisin
former herbicide sprayer

Mike Styles former jockey

COMPENSATION AND MEDICAL SERVICES DIVISION

The Compensation and Medical Services division administers physical and vocational rehabilitation, wage-loss, pension, and medical aid benefits to injured and occupationally-diseased workers.

Ninety-six percent of adjudicated claims were allowed during 1987. There were 169,059 claims first reported - up eight percent from the 156,312 first reported in 1986. This increase can be attributed, in part, to an increase in employment levels in the province.

The maximum wage rate for calculating benefits was increased to \$41,100 from \$40,000. At \$591.17 a week, the WCB of B.C. pays the highest weekly compensation rate in Canada.

A new computerized file-tracking system was developed jointly with the Information Systems department. Manually searching for a particular claim file can be a time-consuming process. With the help of this new system, a file can be located immediately. The file-tracking system was also introduced in all area offices.

Coverage to volunteer firefighters was expanded. A wider range of volunteer firefighting activities is now considered when determining the acceptance of claims.

VOCATIONAL REHABILITATION

The rehabilitation of injured workers continued to be a major focus for the WCB in 1987. Vocational Rehabilitation staff made 77 presentations to employers and workers around the province.

Medical stenographic functions, evaluations, planning and reports are now computerized in the Vocational Rehabilitation Services department.

A public awareness campaign featuring Rick Hansen was undertaken in 1987. Two television commercials and numerous newspaper articles publicized the WCB's efforts encouraging employers to hire the disabled.

*"Access Ability is a cooperative effort.
The WCB, the B.C. business community,
the instructors and the students
have all pulled together to make it work.
It's exciting to see the changes in everyone."*

Rich Curran Coordinator, Access Ability Program

FINANCIAL SERVICES DIVISION

The Financial Services division is responsible for the Actuarial, Assessments, Controller's, Statistical Services and Treasury departments.

The number of registered employers increased during the year to 94,074 from 89,696 - up almost five percent.

A sophisticated computerized system now produces 'clearance' letters immediately. Employers who hire subcontractors are liable for the subcontractor's WCB assessment if it is not paid. As a result, employers request the status of the subcontractor from the Board. Responding manually to these requests for clearance was time-consuming and often resulted in backlogs. Thanks to the new automated system, employers' requests for clearance letters are now processed the same day.

A \$99.3 million credit was provided to employers in 25 industry groups. A decline in accident rates, greatly improved investment returns and a decline in the rate of inflation made this credit possible to 32,424 eligible employers.

The phase-in of the new Experience Rating Assessment program (ERA) was completed in 1987. Under ERA, employers with higher-than-average claims costs pay increased assessments while those with lower-than-average claims costs receive an assessment reduction. Virtually all registered firms now participate in ERA, after they have had one year's claims experience.

Three new studies were released by the Statistical Services department. *"Occupational Disease in B.C."*, *"Accident Incidence and Severity in B.C. by Time of Day and Week"* and *"Trends in Types of Accidents by Occupation"* are invaluable reference works to those involved in accident prevention. These studies are distributed to Occupational Safety and Health Officers and are available to the public.

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services division includes Information Systems, Technical Services and Community Relations.

The gradual computerization of the WCB was continued in 1987. This new information technology will speed up and improve service to workers and employers. For example, a new computerized system was implemented by the WCB's Appeals Administration department. This new appeals management system can instantly track the progress of appeals, Medical Review Panels and disclosures, thus greatly improving the speed and quality of service offered by the department.

Area Offices in Vernon and Nelson were moved to new locations in their communities. The WCB now serves clients from improved facilities in these areas.

As part of its educational mandate, the WCB produces videos, information brochures and occupational safety and health material. In 1987, six new videos were produced by the Community Relations department. *"Hearing Conservation"*, *"Chemical Hazards in Construction"*, *"Logging Truck Safety"*, *"Safe Use of Chainsaws"*, *"Information For Employers"* and *"WCB Orientation"* were added to the WCB's extensive library of 500 video, film and slide productions, 90 instructional books and brochures and more than 200 safety posters.

Requests for WCB films and videos were up 22% in 1987. An average of 600 films and videos were circulated per month.

The Community Relations department was recognized for excellence in its publications by the American Association of State Compensation Insurance Funds (AASCIF). In AASCIF's annual competition, the WCB won two first place awards for brochures, two second places for videos and a third place for the WCB Annual Report.

SAFETY AND HEALTH RESEARCH

The Workers' Compensation Board of British Columbia has a long history of supporting research and development in Occupational Safety and Health and Rehabilitation Medicine. The continued support of this research benefits workers, employers and the community.

The total funds awarded under the grants program increased more than 20% in 1987. The following is the schedule of 1987 grants:

UBC Health Care & Epidemiology	\$273,357
UBC Dept. of Surgery - Epithelial Cell Culture Program	\$ 39,064
UBC Occupational Disease Research Unit (ODRU)	\$276,232
UBC ODRU - Respiratory Study of Mill Workers	\$ 32,711
UBC Medical Engineering Resource Unit - year 3	\$ 50,000
UBC Vibration White Finger Disease Study - year 4	\$ 17,500
Cancer Control Agency	\$150,000
Canadian Paraplegic Association	\$ 45,000
Canadian Standards Association - year 2	\$ 9,540
BC Research - Insecticide Application Study	\$ 35,800
BC Research - Protective Clothing and Insecticide Study	\$ 31,400
BCIT - Purchase of Equipment	\$ 20,000
BC Safety Council	\$ 27,500
Orthopedic Days	\$ 3,300
	\$1,011,404



"A comprehensive research program is vital for the prevention of illness in industry. Without WCB support, we would not be able to continue our research."

Dr. Moira Yeung
- Director, Respiratory Division, Dept. of Medicine, UBC

ACCESS ABILITY

Access Ability is a 12-month course designed to train seriously-injured workers as computer programmers. This innovative vocational rehabilitation program is the first of its kind in Canada.

The first 15 students were selected from around the province and began training in a specially-designed classroom and computer lab at the WCB Rehabilitation Centre in Richmond. After nine months of classes and a three-month on-the-job internship they will graduate as qualified entry-level programmers.

The business community's involvement in Access Ability is a cornerstone of the project. Representatives from every major corporation in British Columbia - more than 50 companies in all - formed a Business Advisory Council which has advised the WCB at every stage of the program.

Access Ability students come from a variety of occupations - faller, foreman, mechanic, ski patroller, jockey, trucker. Their injuries are as different as their backgrounds yet they all have a common goal -- to get back to work.

**Companies Serving On The
Access Ability Business Advisory Council**

Apple Canada Ltd.
Block Bros. Data Centre Ltd.
B.C. Forest Products Ltd.
B.C. Health Association
B.C. Hydro and Power Authority
B.C. Lottery Corporation
B.C. Rail Ltd.
B.C. Systems Corporation
B.C. Telephone Co.
B.C. Transit
Bob Leighton and Associates Ltd.
Business Telecom Equipment
Canadian Airlines International Ltd.
Canadian Forest Products Ltd.
Canadian Paraplegic Association
City of Vancouver
Cominco Ltd.
Computech Consulting Canada Ltd.
Crown Forest Industries Ltd.
Deltak Canada Inc.

Digital Equipment of Canada Ltd.
DMR Group Inc.
Finning Tractor & Equipment Co.
Graphic Response Systems Inc.
Hongkong Bank of Canada
Hudson's Bay Company
IBM Canada Ltd.
Insurance Corporation of B.C.
Johnston Terminals Ltd.
Kinsmen Rehabilitation Foundation
Liquor Distribution Branch
MacDonald Dettwiler & Associates Ltd.
MacMillan Bloedel Ltd.
Micro Age Computer Stores
Microtel Ltd.
Millar Consulting
Ministry of Health
Neil Squire Foundation
Pacific Press Ltd.
Peat, Marwick and Partners
Pharmascript Services
Public Service Commission of Canada
Q.S. Systemsmiths
Safeway Stores Ltd.
Scott Paper Ltd.
Sydney Development Corporation
Vancouver General Hospital
Vancouver School Board
Vancouver Stock Exchange
Wang Canada Ltd.
Weldwood of Canada Ltd.
Woodward's Ltd.
Workers' Compensation Board

*"Because of Access Ability,
I'm more positive than ever,
especially about computers ...
I don't think of what I can't do anymore.
I think of things I can do."*



Freewill Saunders, former construction superintendent

TASK FORCE ON ALCOHOL AND DRUG ABUSE

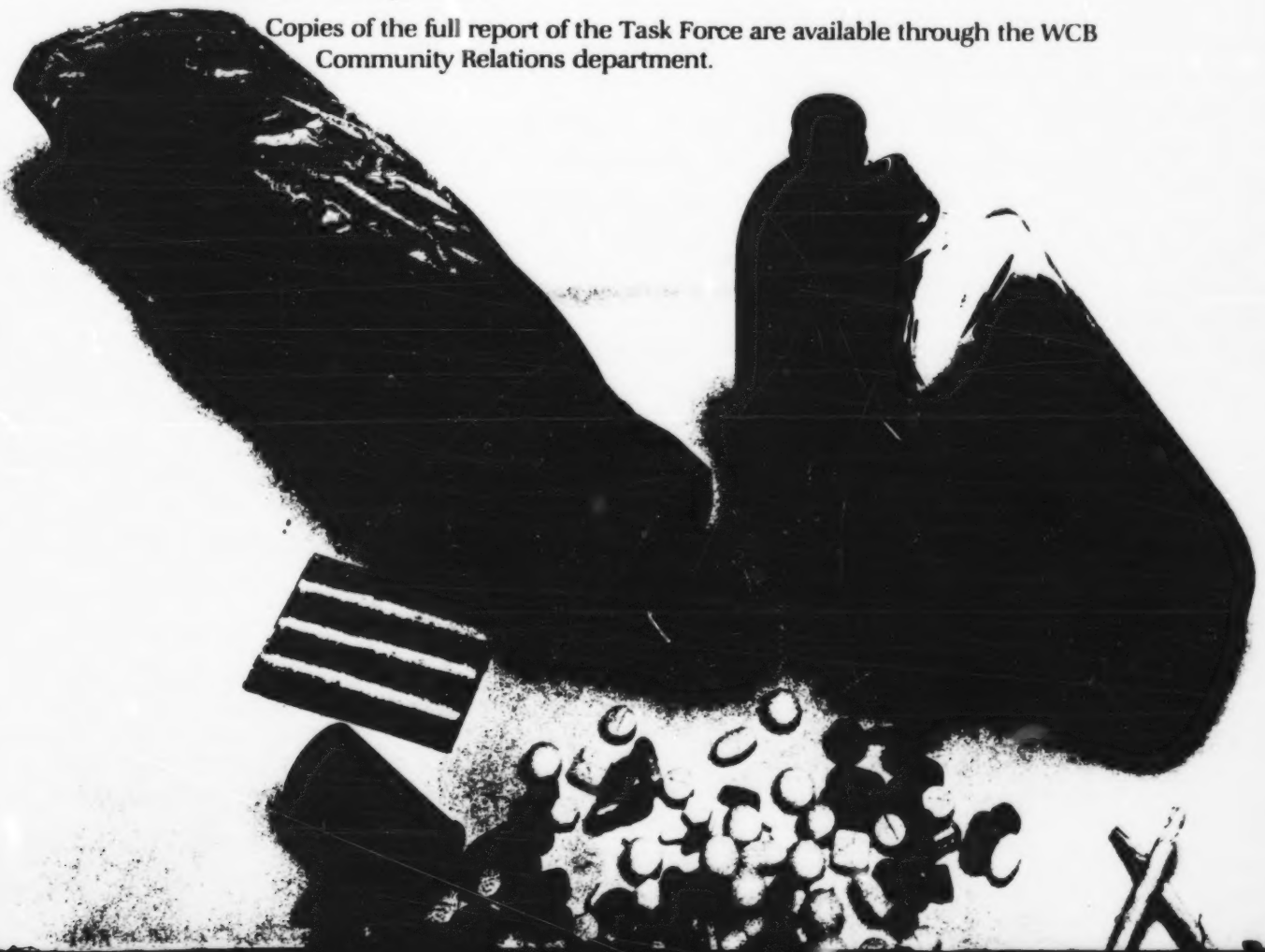
The Task Force on Alcohol and Drug Abuse in the Workplace was appointed jointly in the fall of 1986 by the Ministry of Health and the Workers' Compensation Board. Its purpose was to gather information about the extent of substance abuse and its effects on performance in the workplace.

The project was the first of its kind in Canada.

The Task Force held hearings in 12 communities around the province. They heard 72 oral submissions and received 61 written submissions from labour, management and concerned citizens.

The Task Force studied the negative impact of alcohol and drug abuse on occupational safety and health and made recommendations for the treatment of people with substance abuse problems.

Copies of the full report of the Task Force are available through the WCB Community Relations department.





Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria,
British Columbia
V8V 1X4

AUDITOR'S REPORT

To the Chairman and Members of the Workers' Compensation Board, and

To the Minister of Labour and Consumer Services
Province of British Columbia:

I have examined the balance sheet of the Workers' Compensation Board as at 31 December 1987 and the statements of income and expense and unappropriated surplus, changes in fund liabilities, changes in reserve balances and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at 31 December 1987 and the results of its operations and the changes in its fund liabilities, reserve balances and financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for expenditures incurred on major information systems projects as explained in note 2, on a basis consistent with that of the preceding year.

Further, I have examined the transactions that came to my notice in the course of my examination of the financial statements to determine whether they were in accordance with the Workers' Compensation Act. In my opinion, these transactions were, in all significant respects, in compliance with the Act.

Victoria, British Columbia
4 March 1988

George L. Morfitt, F.C.A.
Auditor General



WORKERS' COMPENSATION BOARD
BALANCE SHEET
AS AT 31 DECEMBER 1987 (in \$,000's)

EXHIBIT 1

	<u>1987</u>	<u>1986</u>
ASSETS		
Assessments and accrued interest receivable	115,566	127,873
Deposit account unfinalled claims receivable	69,730	69,157
Portfolio investments (Note 3)	2,544,790	2,481,283
Fixed assets (Note 4)	55,032	56,725
	<u>2,785,118</u>	<u>2,735,038</u>
LIABILITIES, RESERVES AND UNAPPROPRIATED SURPLUS		
Accounts payable and accrued liabilities	17,601	22,315
Accident fund liabilities (Exhibit 3)	2,512,218	2,305,738
Silicosis fund liabilities (Exhibit 3)	30,820	31,312
Deferred long-term investment (losses) gains (Note 5)	(37,065)	79,837
	<u>2,523,574</u>	<u>2,439,202</u>
Accident fund special reserves (Exhibit 4)	37,846	34,526
Benefit maintenance and assessment rate stabilization reserve (Exhibit 4)	145,799	150,000
Unappropriated surplus (Exhibit 2)	77,899	111,310
	<u>2,785,118</u>	<u>2,735,038</u>

The accompanying eight notes are an integral part of these financial statements.

Approved by the Board :

J.A. Nielsen,
Chairman

B. Korman
Commissioner

J.M. Nutter
Commissioner



WORKERS' COMPENSATION BOARD

EXHIBIT 2

**STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)**

	<u>1987</u>	<u>1986</u>
INCOME		
Assessments		
Classes	296,367	399,749
Deposit accounts	24,532	18,486
Penalties	2,465	3,104
	<u>323,364</u>	<u>421,339</u>
Investment income		
Earned for the year	246,947	230,990
Amortization of long-term investment gains (losses) (Note 5)	1,843	48,702
	<u>248,790</u>	<u>279,692</u>
	<u>572,154</u>	<u>701,031</u>
EXPENSE		
Current year claims		
Wage loss compensation	91,748	83,563
Medical aid payments	31,364	27,084
Pension awards, capitalized values	15,739	12,886
Provision for unfinalled claims	196,934	173,774
	<u>335,785</u>	<u>297,307</u>
Prior years' claims		
Investment income allocated to the fund liabilities and special reserves	248,790	279,692
Adjustment to prior years' actuarial estimates	(73,265)	(253,240)
	<u>175,525</u>	<u>26,452</u>
Administration and other expenses		
Administration	75,153	69,289
Review Board and Advisors	5,036	3,406
Research grants and awards	1,267	923
	<u>81,456</u>	<u>73,618</u>
	<u>592,766</u>	<u>397,377</u>
NET (LOSS) INCOME	(20,612)	303,654
UNAPPROPRIATED SURPLUS (UNFUNDED LIABILITY) - 1 January	111,310	(31,844)
APPROPRIATION TO SPECIAL RESERVES	(17,000)	(10,500)
TRANSFER FROM (APPROPRIATION TO) BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE	4,201	(150,000)
UNAPPROPRIATED SURPLUS - 31 December (Exhibit 1)	<u>77,899</u>	<u>111,310</u>



WORKERS' COMPENSATION BOARD

EXHIBIT 2

STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

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INCOME		
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UNAPPROPRIATED SURPLUS - 31 December (Exhibit 1)	<u>77,899</u>	<u>111,310</u>



**STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)**

ACCIDENT FUND SPECIAL RESERVES

				<u>Total</u>	
	<u>Contingent</u>	<u>Disaster</u>	<u>Enhancement</u>	<u>1987</u>	<u>1986</u>
ADDITIONS TO THE RESERVES					
Appropriation of net income		2,000	15,000	17,000	10,500
Investment income allocation	160	1,242	982	2,384	2,566
	<u>160</u>	<u>3,242</u>	<u>15,982</u>	<u>19,384</u>	<u>13,066</u>
DEDUCTIONS FROM THE RESERVES					
Pension awards, capitalized values	-	2,025	5,214	7,239	3,268
Wage loss compensation	-	292	6,109	6,401	5,864
Medical aid payments	-	78	2,346	2,424	1,997
	-	<u>2,395</u>	<u>13,669</u>	<u>16,064</u>	<u>11,129</u>
CURRENT YEAR INCREASE	160	847	2,313	3,320	1,937
BALANCE - 1 January	<u>1,784</u>	<u>14,997</u>	<u>17,745</u>	<u>34,526</u>	<u>32,589</u>
BALANCE - 31 December (Exhibit 1)	<u>1,944</u>	<u>15,844</u>	<u>20,058</u>	<u>37,846</u>	<u>34,526</u>

**BENEFIT MAINTENANCE AND ASSESSMENT
RATE STABILIZATION RESERVE**

	<u>1987</u>	<u>1986</u>
CURRENT YEAR (DECREASE) INCREASE		
(Transfer to) Appropriation of surplus	(4,201)	150,000
BALANCE - 1 January	<u>150,000</u>	<u>—</u>
BALANCE - 31 December (Exhibit 1)	<u>145,799</u>	<u>150,000</u>



WORKERS' COMPENSATION BOARD

EXHIBIT 5

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

	<u>1987</u>	<u>1986</u>
OPERATING ACTIVITIES		
Net (loss) income	(20,612)	303,654
Add (deduct) items not requiring cash:		
Provision for unfinalled claims	196,934	173,774
Adjustment to prior years' actuarial estimates	(73,265)	(253,240)
Investment income allocated to fund liabilities and special reserves	248,790	279,692
Pension awards, capitalized values	15,739	12,886
Depreciation	5,421	3,488
Loss on disposal of fixed assets	22	1,767
Pension payments recovered from third parties		89
Deduct cash applied in settlement of fund liabilities or charged against special reserves:		
Pensions paid	(108,248)	(102,179)
Wage loss compensation	(55,254)	(47,012)
Medical aid payments	(32,388)	(30,857)
Funds provided by operating activities	<u>177,139</u>	<u>342,062</u>
OTHER ACTIVITIES		
Purchase of fixed assets	(4,343)	(14,142)
Proceeds from the disposal of fixed assets	593	432
Decrease in deferred long-term investment gains and losses	(116,902)	(17,947)
Decrease in assessments and accrued interest receivable	12,307	5,944
Decrease in accounts payable and accrued liabilities	(4,714)	(401)
Increase in deposit account unfinalled claims receivable	(573)	(2,409)
Funds applied to other activities	<u>(113,632)</u>	<u>(28,523)</u>
INCREASE IN FUNDS INVESTED	63,507	313,539
FUNDS INVESTED - 1 January	<u>2,481,283</u>	<u>2,167,744</u>
- 31 December	<u>2,544,790</u>	<u>2,481,283</u>



WORKERS' COMPENSATION BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987**

Note 1 - Significant Accounting Policies

(a) Fund Accounting

Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are recorded on a pooled basis with no allocation of individual assets to specific funds.

(b) Portfolio Investments

Long-term investments, consisting primarily of bonds of the Government of Canada, various Provinces and Crown corporations, having terms greater than 1 year, are stated at market value. The amount by which market value differs from book value represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of long-term investments during the year, are deferred and amortized on a straight-line basis over a five year period.

Short-term investments, consisting primarily of treasury bills and discounted bank notes, having terms less than or equal to 1 year, are stated at amortized cost.

(c) Fixed Assets

Fixed assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

Buildings	20 to 40 years
Equipment	3 to 10 years
Furniture	10 years
Vehicles	5 years

(d) Accident and Silicosis Fund Liabilities

The Board appoints a consulting actuary who examines the Fund liabilities and the underlying assumptions and methods. The report of the consulting actuary is appended to these financial statements.

(i) Unfinalled Claims

Provisions for future claims costs relating to injuries occurring prior to 31 December 1987, for which the final settlement has not been determined, represent the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39 (1)(c) and 41 (2)(b) of the Workers' Compensation Act. Wage loss compensation and medical aid payments made, and the capitalized value of pension awards granted, after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

(ii) Pensions

Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year, its capitalized value is treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the pension is charged to the appropriate unfinalled claims liability.

(e) Reserves

(i) Accident Fund special reserves established pursuant to Section 39 of the Workers' Compensation Act are:

- Contingent Reserve [Section 39 (1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.

- Disaster Reserve [Section 39 (1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstances which the Board considers would unfairly burden the employers in a particular class.

- Enhancement Reserve [Section 39 (1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

Investment income is allocated to these reserves, pro rata, from total investment income earned by the Board.

Claims deemed by the Board to be covered by these reserves are deducted directly from the reserves and are not charged to current operations.

- (ii) The Board has established a Benefit Maintenance and Assessment Rate Stabilization Reserve which may be used to reduce the impact on assessment rates resulting from such changes as claim frequencies, benefit levels or rates of return on investments.

The Board determines the amounts required to maintain these reserves at an adequate level and resulting appropriations are prorated to the various employer classes.

(f) Current Year Claims

Wage loss compensation and medical aid payments represent expenditures resulting from injuries which occurred during the current year. Amounts recorded as "Pension awards, capitalized values" and as "Provision for unfinalled claims" are the actuarial estimates of the present values of future payments resulting from injuries which occurred during the current year. The calculation of the present value provides for the future indexation of pensions by assuming that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2½%.

(g) Prior Years' Claims

The Board determines its liabilities at the end of each year for all injuries that have taken place to that time. During the following year, it makes benefit payments and sets new awards on those prior injuries; benefits are also increased in line with increases in the CPI. Investment income is also earned on the assets available to finance those liabilities. At the end of the following year, the Board redetermines its actuarial requirements for those prior injuries, taking into account the actual investment income, benefit increases, claims payments and pension awards made during the year. The actuarial assumptions used in those calculations may also be modified to include the more recent experience of such factors as mortality, claims levels and claims costs.

This process results in an adjustment to the requirements previously set aside for all injuries to the end of the previous year, and is described in these statements as the "Adjustment to prior years' actuarial estimates".

(h) Assessment Income and Assessments Receivable

As a significant portion of assessment income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year.

(i) Deposit Account Unfinalled Claims Receivable

Certain employers have been placed in deposit classes. These employers are billed on a monthly basis for wage loss compensation, medical aid payments and the capitalized value of pension awards made on their behalf, together with their proportionate share of administrative costs.

The receivable represents the present value of the estimated future payments for the unfinalled claims of deposit classes, less deposits required to be placed on account with the Board.

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

Note 2 - Change in Accounting Policy

During the year, the Board changed its accounting policy for expenditures incurred on major information systems projects. Previously, these expenditures were amortized over a period of three to five years. These expenditures are now charged as incurred to current year administration expenses.

This change in policy has been applied retroactively and the prior year figures have been restated. The overall effect of the restatement was to decrease both the 1986 net income and the unappropriated surplus at 31 December 1986 by \$1,968,000 to \$303,654,000 and \$111,310,000 respectively. The effect in the current year is insignificant.

Note 3 - Portfolio Investments (\$,000's)

	1987	1986
Long-term investments, market value	1,898,952	1,763,318
Short-term investments, amortized cost	645,337	728,536
Cash (bank indebtedness)	501	(10,571)
	<u>2,544,790</u>	<u>2,481,283</u>

Note 4 - Fixed Assets (\$,000's)

	1987				1986
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	1,639			1,639	1,639
Buildings	49,715	1,347	9,739	39,976	41,303
Furniture, Equipment & Vehicles	25,899	4,074	12,482	13,417	13,783
Totals	<u>77,253</u>	<u>5,421</u>	<u>22,221</u>	<u>55,032</u>	<u>56,725</u>

Note 5 - Deferred Long-Term Investment (Losses) Gains (\$,000's)

	1987	1986
Balance - 1 January	79,837	97,784
Realized net losses for the year	(6,446)	(141)
Unrealized net (losses) gains for the year	<u>(108,593)</u>	<u>30,896</u>
	(35,202)	128,539
Amortization credited to investment income	<u>1,843</u>	<u>48,702</u>
Balance - 31 December	<u>(37,065)</u>	<u>79,837</u>

Note 6 - Superannuation Plan

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan.

The Board's 1987 contributions to the Plan amounted to \$4,608,000 (1986 - \$4,399,000).

The Plan requires an actuarial valuation of the Plan's liabilities at intervals of not more than three years. The last valuation, carried out as at 31 March 1985, showed that based on the Plan provisions, and ignoring liabilities and financing for future indexed supplementary pensions, the unfunded liability of the Plan was approximately \$21 million. This unfunded liability is not included in these financial statements. The Board's current rate of regular contributions is projected to amortize the 1985 unfunded liability by the year 2007.

Note 7 - Revision of Mortality Rates

The Board examines most actuarial assumptions annually, except for mortality rates which, because of their nature, are reviewed less frequently. Mortality rates were last reviewed in 1981. The Board has examined the mortality experience for disabled pensioners in the Accident Fund and has revised its rates to reflect recent experience. The revised rates used have had the effect of increasing the Accident Fund liabilities and decreasing the net income by approximately \$99 million in the current year.

Note 8 - Comparatives

In addition to the restatement referred to in Note 2, certain comparative figures have been reclassified to conform with the current year's presentation.

ACTUARY'S REPORT

ECKLER PARTNERS LTD.

The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 1 January 1988, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1988 has been included in the Liabilities. The mortality table for disabled pensioners in the Accident Fund was revised on the basis of recent experience. With this exception, the Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1986. The net interest rate of 2½% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2½% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for Rateable Classes and for Deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2½% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1986.

The liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1987.

Accident Fund	
Pension Liabilities	\$1,448,415,000
Unfinalled Claims Liabilities	
- Rateable Classes	989,417,000
- Deposit Classes	74,386,000
	\$2,512,218,000
Silicosis Fund	
Pension Liabilities	\$ 20,111,000
Unfinalled Claims Liabilities	10,709,000
	\$ 30,820,000



Jacob Levi, F.S.A., F.C.I.A.
11 March 1988

Eckler Partners Ltd.
Consulting Actuaries



WORKERS' COMPENSATION BOARD

SCHEDULE I

STATEMENT OF ALL YEARS' CLAIM COSTS AND UNAPPROPRIATED SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

	1987	1986
INCOME		
Assessments		
Classes	296,367	399,749
Deposit accounts	24,532	18,486
Penalties	2,465	3,104
	<u>323,364</u>	<u>421,339</u>
Investment income		
Earned for the year	246,947	230,990
Amortization of long-term investment gains (losses)	1,843	48,702
	<u>248,790</u>	<u>279,692</u>
	<u>572,154</u>	<u>701,031</u>
EXPENSE		
Cost of workers' claims		
Wage loss compensation	147,002	130,575
Medical aid payments	63,752	57,941
Pensions paid	108,248	102,090
	<u>319,002</u>	<u>290,606</u>
Administration and other expenses		
Administration	75,153	69,289
Review Board and Advisors	5,036	3,406
Research grants and awards	1,267	923
	<u>81,456</u>	<u>73,618</u>
	<u>400,458</u>	<u>364,224</u>
EXCESS OF INCOME OVER EXPENSES	<u>171,696</u>	<u>336,807</u>
INCREASE (DECREASE) IN ACTUARIAL LIABILITIES AND RESERVES		
Actuarial liabilities		
Accident fund	206,480	43,890
Silicosis fund	(492)	(2,174)
	<u>205,988</u>	<u>41,716</u>
Reserves		
Accident fund special reserves	3,320	1,937
Benefit maintenance and assessment rate stabilization reserve	(4,201)	150,000
	<u>(881)</u>	<u>151,937</u>
	<u>205,107</u>	<u>193,653</u>
NET (DECREASE) INCREASE	<u>(33,411)</u>	<u>143,154</u>
UNAPPROPRIATED SURPLUS (UNFUNDED LIABILITY) - 1 January	<u>111,310</u>	<u>(31,844)</u>
UNAPPROPRIATED SURPLUS - 31 December	<u>77,899</u>	<u>111,310</u>



STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

INCOME		COSTS CHARGED TO SUB-CLASSES							NET		
Class and Sub-Class		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)	
1	2	60,043	9,900	3,853	5,111	29,773	10,399	3,194	62,230	(2,187)	
	4	5,681	1,326	525	309	3,836	1,439	308	7,743	(2,062)	
	5	8,708	5,822	2,305	760	12,335	5,529	446	27,197	(18,489)	
	7	2,327	1,604	563	422	3,644	1,379	126	7,738	(5,411)	
	9	3,000	821	237	16	1,486	587	148	3,295	(295)	
		79,759	19,473	7,483	6,618	51,074	19,333	4,222	108,203	(28,444)	
4	3	3,810	429	144	107	1,148	522	209	2,559	1,251	
	11	8,561	1,559	641	721	5,912	1,714	470	11,017	(2,456)	
	18	1,444	109	44	1	752	140	79	1,125	319	
	30	242	557	296	39	1,855	447	13	3,207	(2,965)	
			14,057	2,654	1,125	868	9,667	2,823	771	17,908	(3,851)
6	2	6,553	2,418	671	8	3,788	1,897	359	9,141	(2,588)	
	3	1,050	469	190	439	723	646	59	2,526	(1,476)	
	4	5,960	1,375	504	4	2,300	969	324	5,476	484	
	5	785	74	46	2	139	115	43	419	366	
	7	517	185	50	0	150	119	28	532	(15)	
	8	1,625	404	78	0	311	184	89	1,066	559	
	17	232	39	17	2	41	40	14	153	79	
	18	320	91	34	0	79	87	18	309	11	
	20	3,091	803	216	2	955	510	175	2,661	430	
	21	15,570	3,963	1,425	3	6,534	3,580	848	16,353	(783)	
	22	1,082	656	315	257	1,903	623	57	3,811	(2,729)	
	24	3,086	946	218	0	1,340	486	168	3,158	(72)	
	25	695	203	59	0	264	203	37	766	(71)	
	26	22,729	6,046	1,550	1	10,424	3,508	1,238	22,767	(38)	
	27	5,102	2,569	1,261	2	4,966	1,840	279	10,917	(5,815)	
	31	199	83	40	0	79	50	11	263	(64)	
	32	1,589	350	64	27	475	206	86	1,208	381	
	36	415	187	183	0	297	231	22	920	(505)	
	37	2,397	839	249	0	1,165	513	130	2,896	(499)	
	39	1,605	469	116	5	648	390	88	1,716	(111)	
	43	5,164	606	346	174	3,244	619	278	5,267	(103)	
	46	45	13	4	0	27	22	2	68	(23)	
	54	1,896	1,222	439	7	1,894	1,337	102	5,001	(3,105)	
	56	76	13	6	0	8	57	4	88	(12)	
	57	3,614	854	287	245	2,143	663	199	4,391	(777)	
58	717	270	102	0	505	136	39	1,052	(335)		
59	14,907	2,610	944	70	6,577	2,413	815	13,429	1,478		
		101,021	27,757	9,414	1,248	50,979	21,444	5,512	116,354	(15,333)	
7	5	6,506	1,460	434	244	3,489	1,410	373	7,410	(904)	
	6	27,124	5,920	2,177	190	14,870	7,022	1,548	31,727	(4,603)	
	7	19,207	6,977	2,198	820	12,746	5,819	1,051	29,611	(10,404)	
	11	2,425	693	215	92	1,480	1,060	129	3,669	(1,244)	
	13	1,761	423	143	3	868	288	97	1,822	(61)	
	21	(126)	733	167	5	934	563	(8)	2,394	(2,520)	
	25	3,169	1,056	260	178	3,019	1,331	168	6,012	(2,843)	
	26	14,885	2,376	831	893	6,995	3,009	792	14,896	(11)	
	47	492	49	22	0	148	113	27	359	133	
	48	417	226	52	316	359	335	21	1,309	(892)	
			75,860	19,913	6,499	2,741	44,908	20,950	4,198	99,209	(23,349)



WORKERS' COMPENSATION BOARD

SCHEDULE 2 (A)

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

		INCOME		COSTS CHARGED TO SUB-CLASSES						NET
Class and Sub-Class		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)
8	1	299	381	147	0	991	461	16	1,996	(1,697)
	8	1,912	314	96	0	741	333	104	1,588	324
	11	1,135	681	140	0	731	340	62	1,954	(819)
	12	887	302	104	0	328	154	48	936	(49)
	20	292	172	45	0	804	172	15	1,208	(916)
	23	357	60	27	0	559	21	20	687	(330)
	51	5,275	4,512	1,195	1,015	8,424	2,853	276	18,275	(13,000)
		10,157	6,422	1,754	1,015	12,578	4,334	541	26,644	(16,487)
9	1	1,040	770	209	18	1,419	511	60	2,987	(1,947)
	2	(226)	1,895	340	2	2,576	1,070	(14)	5,869	(6,095)
	6	1,711	576	181	2	980	402	96	2,237	(526)
	9	94	9	5	0	44	19	5	82	12
	11	1,533	846	324	2,182	2,631	1,075	84	7,142	(5,609)
		4,152	4,096	1,059	2,204	7,650	3,077	231	18,317	(14,165)
14	1	3,478	2,977	795	338	4,925	2,496	187	11,718	(8,240)
	6	10,206	1,830	707	0	4,629	2,164	556	9,886	320
		13,684	4,807	1,502	338	9,554	4,660	743	21,604	(7,920)
38	0	(505)	93	45	0	331	52	(28)	493	(998)
Total Classes		298,185	85,215	28,881	15,032	186,741	76,673	16,190	408,732	(110,547)
10		4,868	1,068	407	527	2,383	1,093	271	5,749	(881)
12		4,272	636	236	0	1,273	530	138	2,813	1,459
13		11,662	3,025	906	1	5,969	2,035	398	12,334	(672)
18		46	21	4	0	16	10	3	54	(8)
19		3,822	1,732	932	180	0	964	0	3,808	14
Total Deposit Accounts		24,670	6,482	2,485	708	9,641	4,632	810	24,758	(88)
Total Deposit Accounts and Classes		322,855	91,697	31,366	15,740	196,382	81,305	17,000	433,490	(110,635)
Miscellaneous										
2	3	0	0	0	0	0	1	0	1	(1)
	4	510	49	0	0	552	151	0	752	(242)
		510	49	0	0	552	152	0	753	(243)
Rounding		(1)	2	(2)	(1)	0	(1)	0	(2)	1
Grand Total		323,364	91,748	31,364	15,739	196,934	81,456	17,000	434,241	(110,877)

NOTE: 1. Assessment Income

As a significant portion of assessment income is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.



WORKERS' COMPENSATION BOARD

SCHEDULE 2 (B)

STATEMENT OF CHANGES IN SUB-CLASS BALANCES
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

UNAPPROPRIATED SURPLUS						BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE			
Class and Sub-Class		1 January Balances	Current Year Excess (Deficiency)*	Adjustment To Prior Years' Actuarial Estimates	Transfer From (To) Benefit Maintenance And Rate Stabilization	31 December Balances	1 January Balances	Transfer From (To) Unappropriated Surplus	31 December Balances
1	2	(16,491)	(2,187)	13,259	0	(5,419)	0	0	0
	4	5,319	(2,062)	3,258	0	6,515	6,435	0	6,435
	5	37,473	(18,489)	8,263	0	27,247	22,520	0	22,520
	7	6,724	(5,411)	(196)	0	1,117	4,235	0	4,235
	9	1,649	(295)	701	0	2,055	2,327	0	2,327
		34,674	(28,444)	25,285	0	31,515	35,517	0	35,517
4	3	(2,186)	1,251	1,482	(418)	129	0	418	418
	11	422	(2,456)	799	1,224	(11)	1,224	(1,224)	0
	18	(2,227)	319	(681)	0	(2,589)	0	0	0
	30	10,247	(2,965)	2,854	0	10,136	4,894	0	4,894
			6,256	(3,851)	4,454	806	7,665	6,118	(806)
6	2	6,909	(2,588)	2,316	0	6,637	6,951	0	6,951
	3	3,036	(1,476)	624	0	2,184	1,937	0	1,937
	4	80	484	288	0	852	278	0	278
	5	549	366	(24)	0	891	332	0	332
	7	599	(15)	38	0	622	361	0	361
	8	220	559	736	0	1,515	601	0	601
	17	(316)	79	(287)	0	(524)	0	0	0
	18	21	11	25	0	57	59	0	59
	20	1,021	430	3,457	0	4,908	1,958	0	1,958
	21	1,219	(783)	2,754	0	3,190	3,409	0	3,409
	22	2,969	(2,729)	(570)	329	(1)	1,945	(329)	1,616
	24	(39)	(72)	812	(534)	167	0	534	534
	25	(948)	(71)	(208)	0	(1,227)	0	0	0
	26	(11,338)	(38)	389	0	(10,987)	0	0	0
	27	7,818	(5,815)	3,973	0	5,976	6,956	0	6,956
	31	1,144	(64)	116	0	1,196	398	0	398
	32	70	381	286	0	737	213	0	213
	36	1,548	(505)	864	0	1,907	1,004	0	1,004
	37	599	(499)	(1,087)	987	0	1,353	(987)	366
	39	(1,075)	(111)	(68)	0	(1,254)	0	0	0
	43	(1,659)	(103)	4,382	(2,000)	620	0	2,000	2,000
	46	124	(23)	17	0	118	54	0	54
	54	4,563	(3,105)	1,864	0	3,322	3,082	0	3,082
	56	569	(12)	102	0	659	205	0	205
	57	105	(777)	599	73	0	317	(73)	244
	58	(2,023)	(335)	122	0	(2,236)	0	0	0
	59	(180)	1,478	1,731	(2,311)	718	0	2,311	2,311
		15,585	(15,333)	23,251	(3,456)	20,047	31,413	3,456	34,869
7	5	(10,641)	(904)	(110)	0	(11,655)	0	0	0
	6	163	(4,603)	2,928	832	(680)	832	(832)	0
	7	8,810	(10,404)	(3,267)	4,861	0	17,880	(4,861)	13,019
	11	151	(1,244)	(1,074)	473	(1,694)	473	(473)	0
	13	151	(61)	124	0	214	426	0	426
	21	4,401	(2,520)	816	0	2,697	3,512	0	3,512
	25	(13,841)	(2,843)	(557)	0	(17,241)	0	0	0
	26	1,329	(11)	3,541	0	4,859	3,691	0	3,691
	47	618	133	295	0	1,046	368	0	368
	48	4,797	(892)	2,819	0	6,724	2,324	0	2,324
		(4,062)	(23,349)	5,515	6,166	(15,730)	29,506	(6,166)	23,340



WORKERS' COMPENSATION BOARD

SCHEDULE 2 (B)

STATEMENT OF CHANGES IN SUB-CLASS BALANCES
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)

UNAPPROPRIATED SURPLUS						BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE		
Class and Sub-Class	1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Transfer From (To) Benefit Maintenance And Rate Stabilization	31 December Balances	1 January Balances	Transfer From (To) Unappropriated Surplus	31 December Balances
8 1	3,966	(1,697)	1,036	0	3,305	1,985	0	1,985
8 8	(6,099)	324	154	0	(5,621)	0	0	0
11	1,491	(819)	408	0	1,080	1,378	0	1,378
12	201	(49)	184	0	336	405	0	405
20	2,114	(916)	1,280	0	2,478	997	0	997
23	1,770	(330)	890	0	2,330	834	0	834
51	15,549	(13,000)	2,839	0	5,388	14,943	0	14,943
	18,992	(16,487)	6,791	0	9,296	20,542	0	20,542
9 1	5,203	(1,947)	1,319	0	4,575	3,250	0	3,250
2	5,483	(6,095)	(72)	685	1	4,251	(685)	3,566
6	1,157	(526)	(105)	0	526	1,330	0	1,330
9	510	12	107	0	629	197	0	197
14	8,517	(5,609)	1,520	0	4,428	4,544	0	4,544
	20,870	(14,165)	2,769	685	10,159	13,572	(685)	12,887
14 1	10,652	(8,240)	3,776	0	6,188	8,563	0	8,563
6	(89)	320	(442)	0	(211)	0	0	0
	10,563	(7,920)	3,334	0	5,977	8,563	0	8,563
38 0	3,414	(998)	(92)	0	2,324	1,865	0	1,865
Total (Classes)	106,292	(110,547)	71,307	4,201	71,253	147,096	(4,201)	142,895
10	0	(881)	881	0	0	0	0	0
12	0	1,459	(1,459)	0	0	0	0	0
13	0	(672)	672	0	0	0	0	0
18	0	(8)	8	0	0	0	0	0
19	0	14	(14)	0	0	0	0	0
Total Deposit Accounts	0	(88)	88	0	0	0	0	0
Total Deposit Accounts and Classes	106,292	(110,635)	71,395	4,201	71,253	147,096	(4,201)	142,895
Millions								
2 3	1,459	(1)	304	0	1,762	426	0	426
4	3,560	(242)	1,567	0	4,885	2,478	0	2,478
	5,019	(243)	1,871	0	6,647	2,904	0	2,904
Rounding	(1)	1	(1)	0	(1)	0	0	0
Grand Total	111,310	(110,877)	73,265	4,201	77,899	150,000	(4,201)	145,799

NOTE: 1. Restatement

The opening balances have been restated reflecting the retroactive effect of the change in accounting policy described in Note 2 to the financial statements.

NOTE: 2. Benefit Maintenance and Assessment Rate Stabilization Reserve

Amounts were transferred during the current year from the Benefit Maintenance and Assessment Rate Stabilization Reserve for sub-classes previously in a surplus position at the beginning of the year but subsequently in a deficit position prior to the transfer. Amounts were transferred during the current year to the Benefit Maintenance and Assessment Rate Stabilization Reserve for sub-class previously in a deficit position at the beginning of the year but subsequently in a surplus position prior to and after the transfer.



WORKERS' COMPENSATION BOARD

SCHEDULE 3

**STATEMENT OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 1987 (in \$,000's)**

	<u>1987</u>	<u>1986</u>
Salaries and employees' benefits	63,648	57,641
Depreciation	5,421	3,290
Building and services	2,871	2,778
Consulting fees	2,671	2,376
Communications	2,642	2,577
Supplies and stationery	2,324	1,885
Equipment	2,004	2,707
Staff travel	1,850	1,652
Miscellaneous	1,349	1,362
Advertising	1,240	702
Publications	613	709
Automobile fleet	464	452
Patients' meals	453	450
Employee relocation	127	212
Loss on disposal of fixed assets	<u>22</u>	<u>1,767</u>
	87,699	80,560
Less: Miscellaneous income	<u>(1,932)</u>	<u>(1,538)</u>
	85,767	79,022
Less: Allocated to medical aid	(10,370)	(9,533)
Allocated to investment income	<u>(244)</u>	<u>(200)</u>
TOTAL ADMINISTRATION EXPENSES	<u><u>75,153</u></u>	<u><u>69,289</u></u>

**WORKERS' COMPENSATION BOARD****PORTFOLIO INVESTMENTS HELD
AS AT 31 DECEMBER 1987 (in \$,000's)****SCHEDULE 4**

	<u>1987</u>	<u>1986</u>
Government of Canada and Federal Crown Corporations	638,659	686,131
Province of British Columbia and Crown Corporations	374,171	418,159
British Columbia Municipal and School	112,534	84,040
Other Provinces and Crown Corporations	773,588	570,998
Chartered Bank		<u>3,990</u>
Long-term investments, market value	1,898,952	1,763,318
Short-term investments, amortized cost	645,337	728,536
Cash (bank indebtedness)	<u>501</u>	<u>(10,571)</u>
	<u>2,544,790</u>	<u>2,481,283</u>



COMMENTARY ON FINANCIAL STATEMENTS

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Exhibits and Schedules.

Exhibit 1 - Balance Sheet

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the Board, such as investments, fixed assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day to day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund and Silicosis Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets exceed the liabilities is called, in this Exhibit, the "Unappropriated surplus".

Exhibits 2 to 5 analyze the changes which occurred during the year for certain of the Balance Sheet items.

Exhibit 2 - Statement of Income and Expense and Unappropriated Surplus

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how the net of these items resulted in the change for the year in the unappropriated surplus.

Income comprises assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified into the categories of claims arising in the current year, claims made in prior years and administration and other expenses.

Readers should also examine Schedule 1, which further analyzes the change in Unappropriated Surplus/Unfunded Liability.

Exhibit 3 - Statement of Changes in Fund Liabilities

As described under Exhibit 1, the liabilities of the Accident and Silicosis Funds are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

Because the Board's investments represent funds provided by B.C. employers to secure the future payments for current and prior claims, investment income is allocated to the Accident and Silicosis Funds.

Shown at the bottom of this Exhibit are the portions of the two funds represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

Exhibit 4 - Statement of Changes in Reserve Balances

(a) Accident Fund Special Reserves

Under the Workers' Compensation Act, the Board is required to maintain reserves to cover the costs of claims arising from disasters, from the deterioration of previously existing injuries or conditions, and from the continuing costs of classes of industry which cease to operate. These special reserves are shown as part of the Reserves on Exhibit 1.

(b) Benefit Maintenance and Assessment Rate Stabilization Reserve

The Board has established a Benefit Maintenance and Assessment Rate Stabilization Reserve which may be used to reduce the impact on assessment rates resulting from such changes as claim frequencies, benefit levels or rates of return on investments. This reserve is shown as part of the Reserves on Exhibit 1.

Exhibit 4 reveals the items making up the additions to, and deductions from, the reserves during the year.

Exhibit 5 - Statement of Changes in Financial Position

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. These sources and dispositions of funds are categorized into the two main activities of the Board, operating and other. The net increase in funds was invested, therefore, the statement shows all those items which caused the change during the year in the value of investments carried on Exhibit 1.

Within operating activities the Exhibit begins with the net (loss) income (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adjusts for cash transactions which are charged directly to the Accident or Silicosis Funds or to the Special Reserves to arrive at the amount of cash generated from operations.

Other activities reflect the purchases of fixed assets together with the changes in the Board's assets and liabilities which generate or use cash.

Schedule 1 - Statement of All Years' Claims Costs and Unappropriated Surplus

This Schedule reveals how the Board's income and expense during the year, together with the change in the Accident and Silicosis Fund liabilities and with the change in the reserves, has resulted in a change in the Unappropriated Surplus/Unfunded Liability.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for the current year claims from Exhibit 2 with payments for prior years' claims from the Accident and Silicosis Funds on Exhibits 3 and 4.

Schedule 2(a) - Current Year - Statement of Assessments and Current Year Injury Costs

Both this Schedule and Schedule 2(b) break down the contents of Exhibit 2 by sub-class. This schedule shows the total of the elements comprising the changes in the sub-class balances for the current year. The total of this schedule, referred to as the Current Year Excess (Deficiency), is transferred to Schedule 2(b) under the same name.

Schedule 2(b) - Balance Changes - Statement of Changes in Sub-Class Balances

This Schedule further breaks down the contents of Exhibit 2 by Sub-class. It provides employers with a summary for the year of the changes which occurred in their own sub-class balances of the Unappropriated Surplus and Benefit Maintenance and Assessment Rate Stabilization Reserve. The total of all sub-class balances is equal either to the Board's Unappropriated Surplus or to the Benefit Maintenance and Assessment Rate Stabilization Reserve.

Schedule 3 - Statement of Administration Expenses

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

- (a) administration costs incurred for the Rehabilitation Clinic and the Residence which are reclassified to medical aid costs, and
- (b) administration costs incurred in executing the investment program which are reclassified against investment income.

Schedule 4 - Portfolio Investments Held

This Schedule reveals the composition of the Board's long-term investments by groupings of type of jurisdiction or organization, as well as the total for each of short-term investments (term under one year) and cash or bank indebtedness. The long-term, short-term, and cash (or bank indebtedness) totals match those shown on Exhibit 1.

Senior Operating Personnel

Chairman:

James Nielsen

Commissioners:

Beverley Korman

Joan Nutter

*A.P. Devine

General Managers:

Bill Greer

General Manager, Occupational Safety and Health Division

**Bob Gunn

General Manager, Financial Services Division

Grant McMillan

General Manager, Administrative Services Division

Robert Taylor

General Manager, Compensation and Medical Services Division

Ivan Tufts

Board Counsel and Secretary to the Board

Executive Directors:

Willy Kurz

Chief Information Officer, Information Systems

Dr. Alex McDougall

Executive Director, Medical Services Division

Directors:

Nick Attewell

Director, Appeals Administration

George Balfour

Director, Human Resources

Ed Bates

Director, Legal Services

Don Calder

Director, Development Services

Harry Carruthers

Director, Field Services

Dr. Malcolm Dewar

Director, Medical Services

Bud DuGas

Director, Assessments

Bill Evans

Treasurer

Alastair Gordon

Director, Community Relations

Roy Holloway

Director, Technical Services

Michael Marriot

Director, Computing Services

Dave Martin

Director, Research and Planning

Dr. James Naismith

Medical Director, Physical Rehabilitation

Art Quinn

Director, Claims

Al Riegert

Director, Research and Standards

Douglas Smith

Controller

Tom Wharton

Director, Clinic

Dr. Bill Whitehead

Director, Occupational Health

Keith Younie

Actuary

* resigned October, 1987

**appointed September 1987